

**SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000
JUNE 2002**

**DEPARTMENT OF ADMINISTRATION
BUREAU OF AUDITS
ONE CAPITOL HILL
PROVIDENCE, RI 02908-5889**



STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

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SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000

EXECUTIVE SUMMARY

Our prior audit report, issued September 2000, contained six recommendations. Our follow-up review disclosed that four of the recommendations have not been acted upon and the remaining two have been superceded by subsequent policy and procedure revisions.

Our audit for the fiscal year ended June 30, 2000 identified the following areas requiring management's attention:

- A policies and procedures manual should be developed and distributed to employees.
- A formal accounting system should be established to integrate the general ledger with the books of original entry (i.e. cash receipts and disbursements journal) to enhance accountability.
- An accounts receivable control account should be established to facilitate both the present system and the reconciliation of subsidiary account balances.
- Monthly reconciliations should be performed between the accounts receivable subsidiary ledger and the control account.

SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000

TABLE OF CONTENTS

	<u>Page</u>
EXECUTIVE SUMMARY	i
LETTER OF TRANSMITTAL	1
INTRODUCTION	
Audit Scope and Objectives	2
Background	2
AUDITORS OPINION	3
FINANCIAL STATEMENTS:	
Exhibit A: Balance Sheet	4
Exhibit B: Statement of Cash Receipts and Disbursements	5
Notes to Financial Statements	6
OTHER FINANCIAL INFORMATION:	
Service Fee Fund:	
Schedule 1: Comparative Statement of Cash Receipts and Disbursements – Fiscal Years Ended June 30, 2000 and 1999	8
Witness Fee Fund:	
Schedule 2: Comparative Statement of Cash Receipts and Disbursements – Fiscal Years Ended June 30, 2000 and 1999	9
FINDINGS AND RECOMMENDATIONS:	
Status of Prior Audit Recommendations	10
Current Year Findings and Recommendations:	
Policies and Procedures Manual	11
Accounting System	12
Accounts Receivable	12



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June 25, 2002

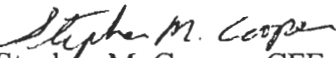
Mr. Joseph K. Ford
High Sheriff of Newport County
Washington Square
Newport, RI 02840

Dear Sheriff Ford:

We have completed an audit of the Sheriff of Newport County for the fiscal year ended June 30, 2000 in accordance with Sections 35-7-3 and 35-7-4 of the General Laws.

The findings and recommendations included herein have been discussed with management, and we have considered their comments in the preparation of our report. Section 35-7-4 of the General Laws requires the director of the department audited to respond in writing within 60 days to all recommendations made by the Bureau of Audits. A copy of your reply should also be sent directly to Robert L. Carl, Jr., Ph.D., Director, Department of Administration; Honorable Gordon D. Fox, Chairman of the House Finance Committee; and to the Honorable Frank T. Caprio, Chairman, Senate Finance Committee.

Sincerely,


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits

SMC:pp

SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000

INTRODUCTION

Audit Scope and Objectives

We conducted an audit of the operating practices in place at June 30, 2000 and an audit of the financial transactions and records for the agency funds of the Newport County Sheriff's Office for the fiscal year ended June 30, 2000.

Our audit extended to the following funds:

- Service Fee Fund
- Witness Fee Fund

The purpose of our audit was to determine whether:

- The Newport County Sheriff's Office complied with applicable state laws and established rules and regulations.
- The accounting systems and procedures were adequate, efficient, and effective.
- The operating procedures were conducted in economical and efficient manner.
- Cash transactions were properly accounted for within a state authorized agency fund.

Background

The State Constitution provides that the Governor appoint a sheriff for each county. The sheriffs or their deputies, as attaches of the courts, attend all sessions of the supreme, superior, family, and district court. The sheriffs also attend the General Assembly when it is in session. Additionally, they execute all civil writs of process, summon witnesses to appear in court, transport prisoners and defendants to court and to state institutions, collect fees for services performed as officers of the courts, and perform all other duties assigned to them by law.

All sheriffs shall hold office for a period of ten years. Deputy sheriffs shall be appointed and/or promoted with the approval of the Governor. Each sheriff operates independently within their jurisdiction and reports directly to the Governor.



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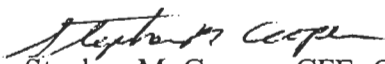
Mr. Joseph K. Ford
High Sheriff of Newport County
Newport, RI 02840

We have audited the accompanying financial statements of the Sheriff of Newport County as of and for the year ended June 30, 2000, as listed in the table of contents. These financial statements are the responsibility of the Sheriff of Newport County. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with *Standards for the Professional Practice of Internal Auditing*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of the agency funds of the Sheriff of Newport County at June 30, 2000, and the cash receipts and disbursements for the year then ended in conformity with generally accepted accounting principles.

Our audit was made for the purpose of forming an opinion on the financial statements taken as a whole. The other financial information included in Schedules 1 and 2 of the report are presented for purposes of additional analysis and are not a required part of the financial statements of the agency funds of the Sheriff of Newport County. Such information has been subjected to the auditing procedure applied in the audit of the financial statements and, in our opinion, is fairly stated in all material respects in relation to the combining financial statements taken as a whole.


Stephen M. Cooper, CFE, CGFM
Chief, Bureau of Audits
March 9, 2001

SMC:pp

SHERIFF OF NEWPORT COUNTY
 AGENCY FUNDS
 BALANCE SHEET
 June 30, 2000

	SERVICE FEE FUND	IMPREST FUND	TOTAL
<u>Assets</u>			
Cash	\$ 4,358.06	257.20	4,615.26
Accounts Receivable	652.10	-	652.10
Total Assets	\$ <u>5,010.16</u>	<u>257.20</u>	<u>5,267.36</u>
<u>Liabilities</u>			
Advance from Superior Court	\$ -	257.20	257.20
Advance from General Fund	4,358.06	-	4,358.06
Deferred Liabilities	652.10	-	652.10
Total Liabilities	\$ <u>5,010.16</u>	<u>257.20</u>	<u>5,267.36</u>

See accompanying notes to financial statements.

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SHERIFF OF NEWPORT COUNTY
 AGENCY FUNDS
 STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
 FISCAL YEAR ENDED JUNE 30, 2000

	SERVICE FEE FUND	IMPREST FUND	TOTAL
Receipts:			
Service Fees	\$ 25,514.05	-	25,514.05
Moving Fees	1,490.45	-	1,490.45
Refunds	2,541.00	-	2,541.00
Collection Fees	1,465.05	-	1,465.05
Miscellaneous	10.00	-	10.00
Prior Year Stale Dated Checks	-	32.90	32.90
Total Cash Receipts	\$ 31,020.55	32.90	31,053.45
Disbursements:			
Transfer to General Fund	\$ 25,635.60	-	25,635.60
Moving Expenses	1,000.00	-	1,000.00
Refunds	2,276.00	-	2,276.00
Collection Fees	1,465.05	-	1,465.05
Miscellaneous	291.60	-	291.60
Prior Year Stale Dated Checks	-	10.10	10.10
Total Cash Disbursements	\$ 30,668.25	10.10	30,678.35
Excess of Cash Receipts Over Cash Disbursements	352.30	22.80	375.10
Cash Balance, July 1	4,005.76	234.40	4,240.16
Cash Balance, June 30	\$ 4,358.06	257.20	4,615.26

See accompanying notes to financial statements.

SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000

NOTES TO FINANCIAL STATEMENTS

Note 1 - Significant Accounting Policies

Fund Accounting

The accounts of the Sheriff of Newport County are organized on the basis of funds, each of which is considered to be a separate accounting entity. Only the Agency Funds of the Sheriff's Office are presented in the accompanying financial statements and a description of these funds follows:

Agency Funds - are used to account for assets held by the Sheriff as an agent for individuals, private organizations, the general fund, and/or other funds. The two types of agency funds maintained are:

- Service Fee Fund, which is used to account for monies, received for the execution of writs, services performed as an officer of the court, and other duties assigned by law.
- Witness Fee Fund, which disburses fees to witnesses for daily attendance before supreme or superior court, or before any other tribunal or magistrate, including attendance in giving depositions.

Basis of Accounting

The accompanying financial statements are presented on the modified accrual basis of accounting as prescribed by generally accepted accounting principles. Agency Funds are custodial in nature; accordingly, at any given point in time, total assets are equally offset by related liabilities including amounts due to the parties for whom the assets are being held.

Note 2 - Accounts Receivable

The accounts receivable balance is comprised of various fees due from attorneys and others. The present accounting system does not generate an accounts receivable control which precludes allocating the changes in this account between balance sheet accounts.

Note 3 - Advance From General Fund

This account represents a non-current liability established to provide the necessary working capital to operate the Service Fees Fund.

Note 4 - Advances From Superior Court

This balance represents the unexpended balance of monies advanced from the Superior Court to pay witness fees.

Note 5 - Deferred Liabilities

For the purpose of financial statement presentation, this account represents a contra account to accounts receivable.

SHERIFF OF NEWPORT COUNTY
WITNESS FEE FUND
COMPARATIVE STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS
FISCAL YEARS ENDED JUNE 30, 2000 AND 1999

	<u>2000</u>	<u>1999</u>
Receipts:		
Prior Year Checks Voided	<u>32.90</u>	<u>32.90</u>
Disbursements:		
Witness Fee:		
Petiti Jury	10.10	248.10
Grand Jury	<u>-</u>	<u>80.90</u>
Total Cash Disbursements	<u>10.10</u>	<u>329.00</u>
Excess (Deficiency of Cash Receipts Over Cash Disbursements	22.80	(166.50)
Cash Balance, July 1	<u>234.40</u>	<u>400.90</u>
Cash Balance, June 30	\$ <u><u>257.20</u></u>	<u><u>234.40</u></u>

See accompanying notes to financial statements.

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SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000

FINDINGS AND RECOMMENDATIONS

Status of Prior Audit Recommendations

The following audit recommendations were identified in the report prepared by the Bureau of Audits for the fiscal year ended June 30, issued September 2000.

1. A standard operating policies and procedures manual should be developed, implemented, and promulgated to the entire staff.

Not implemented. (See recommendation 1.)

2. Establish a formal accounting system that integrates a general ledger with books of original entry (i.e., cash receipts and disbursements journal) to enhance accountability.

Not implemented. (See recommendation 2.)

3. An accounts receivable control account should be established to enhance the present system used to account for receivables and to facilitate the reconciliation of subsidiary account balances.

Not implemented. (See recommendation 3.)

4. Perform monthly reconciliations between the subsidiary ledger and the control account and resolve differences that are discovered.

Not implemented. (See recommendation 4.)

5. Update inventory listings on a continuous basis to reflect capital items acquired.

No longer applicable.

6. A physical property inventory should be taken no less than annually and a listing should be developed to identify their locations.

No longer applicable.

SHERIFF OF NEWPORT COUNTY
AGENCY FUNDS
FISCAL YEAR ENDED JUNE 30, 2000

CURRENT YEAR FINDINGS AND RECOMMENDATIONS

Policies and Procedures Manual

The Sheriff's Office does not have a policies and procedures manual; consequently, there are no written policies and procedures for employee use. Such a manual should be developed to provide management and employees with a systematic approach to the implementation of policies, plans and work routines. A properly maintained manual would convey management's philosophies, improve communications, improve productivity, reduce training time, and strengthen operations.

Policies incorporated in the manual should provide the guidance needed to make informed decisions within the framework of management's objectives, goals, and management philosophies while procedures should provide an established way to do things (a series of steps to be followed in a definite regular order to ensure a consistent and repetitive approach to actions).

Before organizing and compiling information, in preparation for writing the manual, the following steps should be considered:

- Select the appropriate personnel who will have the authority and the responsibility for preparing specific sections of the manual and who will have ultimate authority over the entire manual.
- Determine the desired content of the manual, including what should and should not go into the manual.
- Outline the major sources of information for the manual.
- Determine an appropriate communication format for policy and procedure statements to ensure that they are written for clarity and understanding.
- Determine the final format and organization of the manual.

Recommendation

1. Develop a policies and procedures manual and distribute it to employees.

Accounting System

The Sheriff's Office does not maintain a formal accounting system for its service fee and witness fee funds. Accountability for transactions processed is performed primarily through the use of checking accounts while control over cash is focused upon the bank reconciliation process since a formal general ledger is not maintained. The establishment of a general ledger system would enhance accounting and reporting requirements and would permit management to make informed decisions concerning financial matters.

Recommendation

2. Establish a formal accounting system that integrates a general ledger with books of original entry (i.e., cash receipts and disbursements journal) to enhance accountability.

Accounts Receivable

The Sheriff's Office maintains an accounts receivable ledger but does not utilize a formal control account to monitor the balances for receivables. The absence of this basic control mechanism diminishes the effectiveness of the present system and does not provide data that can be used to monitor the accuracy of subsidiary account postings.

Recommendations

3. Establish an accounts receivable control account to facilitate both the present system and the reconciliation of subsidiary account balances.
4. Perform monthly reconciliations between the subsidiary ledger and the control account and resolve differences that are discovered.